

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY, CALIFORNIA
AND RECORD OF ACTION**

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November 30, 2004

FROM: **DAVID H. SLAUGHTER**, Director
Real Estate Services Department

**SUBJECT: CONCEPTUAL LEASE AGREEMENT FOR COUNTY-OWNED PROPERTY
 WITH CITY OF CHINO**

RECOMMENDATION: Approve in concept a five-year lease agreement with the City of Chino (City) for approximately 6,300 square feet of County-owned office space in the Chino Courthouse for revenue in the amount of \$342,600. (Four votes required)

BACKGROUND INFORMATION: On May 25, 2004, the Board approved a three-year lease agreement, No. 04-428, with the City for 3,350 square feet of storage space on the second floor of the Chino Courthouse located at 13260 Central Avenue in Chino. The space is presently unimproved as all interior walls and most improvements had been previously removed in the process of performing asbestos abatement. The original term of the lease is May 1, 2004 to April 30, 2007. The annual rent is \$1.00.

There is approximately 2,950 square feet in the Chino Courthouse that is presently vacant. The City has indicated a desire to terminate its current lease with the County and enter into a new agreement to add this vacant space for a total of approximately 6,300 square feet of office space to house a portion of the City's Police Department. The City will be responsible for all costs of tenant improvements. Plans and specifications for these improvements will be reviewed and approved by the County's Architectural and Engineering Department prior to commencing construction.

The County currently leases 1,749 square feet of office space in a City-owned facility at 13160 7th Street in Chino for use by the Fourth District Supervisor at a cost to the County of \$1.00 per year. An equal amount of space will be made available to the City at \$1.00 per year and approximately 4,550 square feet will be leased to the City at a \$1.25 per square foot per month for a blended monthly rental rate of \$.90 per square foot for approximately 6,300 square feet. In the event the Fourth District Supervisor's lease is terminated, the rent payable by the City for the County-owned space will increase to the then current rate per square foot for all of the approximately 6,300 square feet.

Upon approval by the Board of this concept, RESD will initiate negotiations with the City to structure a new five-year lease with one three-year option and one two-year option to extend which, after approval and execution by the City, will be submitted to the Board for approval.

The proposed lease will be structured as follows:

	Record of Action of the Board of Supervisors
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Lessor: City of Chino
(Glen Rojas, City Manager)

Location: 13260 Central Avenue, Chino

Size: Approximately 6,300 square feet

Term: Five years commencing January 1, 2005

Options: One three-year option and one two-year option to extend the term

Rent:	<u>Cost per sq. ft. per month</u>	<u>Monthly</u>	<u>Annual</u>
	\$0.90*	\$5,670	\$68,040

*Low-range for the Chino area

Annual increases: Based on the percentage change to the Consumer Price Index (CPI)

Improvement Costs: Provided by Lessee

Custodial: Provided by Lessee

Maintenance: Provided by County

Utilities: Provided by County; electricity in excess of sixty hours per week (twelve hours per day, Monday thru Friday) to be paid by Lessee

Right to Terminate: Either party has the right to terminate with 90-days notice

Parking: Sufficient for City's needs: remaining parking sufficient for County's needs

REVIEW AND APPROVAL BY OTHERS: This item has been reviewed by the County Administrative Office (Daniel R. Kopp, Administrative Analyst, 387-3828) on November 23, 2004.

FINANCIAL IMPACT: If approved, the total revenue for this five-year agreement will be \$340,200. In 2004-05, the County will receive revenue of \$34,020 (\$5,670 per month x six months).

COST REDUCTION REVIEW: The County Administrative Office has reviewed this agenda item, concurs with RESD's proposal and recommends this action based on the need to continue to generate revenue from County assets. This lease can be terminated by either party with 90-days notice.

SUPERVISORIAL DISTRICT(S): Fourth

PRESENTER: David H. Slaughter, Director, 387-7813

SD: 387-7814 mf: 387-7825